

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN**

UNITED STATES OF AMERICA,

CIVIL ACTION NO.:

Plaintiff,

HONORABLE:

vs.

RAYNALDO R. REYNA

Defendant,

COMPLAINT

TO THE HONORABLE UNITED STATES DISTRICT COURT JUDGE:

The United States of America, plaintiff, alleges that:

Jurisdiction

1. This court has jurisdiction over the subject matter of this action pursuant to Article III, Section 2, U.S. Constitution and 28 U.S.C. § 1345.

Venue

2. The defendant is a resident of Lenawee County, Michigan within the jurisdiction of this Court and may be served with service of process at 949 S. Winter St. Adrian, MI 49221.

The Debt – Count I

3. The debt owed to the United States of America is as follows:

A. Current Principal (<i>after application of all prior payments, credits, and offsets</i>)	\$490.95
B. Current Capitalized Interest Balance and Accrued Interest	\$14.37
C. Administrative Fee, Costs, Penalties	\$0.00
D. Credits previously applied (<i>Debtor payments, credits, and offsets</i>)	\$489.83
Total Owed	\$505.28

The Certificate of Indebtedness, attached as Exhibit “A”, shows the total owed excluding attorney’s fees and CIF charges. The principal balance and interest balance shown on the Certificate of Indebtedness is correct as the date of the Certificate of Indebtedness after application of all prior payments, credits and offsets. Prejudgment interest accrues at the current rate of 3.54 percent and a daily rate of \$0.05 through June 30, 2011, and thereafter at such rate as the Department establishes pursuant to Section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. 1077a.

Failure to Pay

4. Demand has been made upon the defendant for payment of the indebtedness, and the defendant has neglected and refused to pay the same.

WHEREFORE, USA prays for judgment:

- A. For the sums set forth in paragraph 3 above, plus prejudgment interest through the date of judgment, all administrative costs allowed by law, and post-judgment interest pursuant to 28 U.S.C. § 1961 and that interest on the judgment be at the legal rate until paid in full;
- B. For attorney’s fees to the extent allowed by law;
- C. Filing fee of \$350.00 as premittted by 28 U.S.C. § 2412(a)(2); and,
- D. For such other relief which the Court deems proper.

The Debt – Count II

1. The debt owed to the United States of America is as follows:

A. Current Principal (<i>after application of all prior payments, credits, and offsets</i>)	\$1,819.7
B. Current Capitalized Interest Balance and Accrued Interest	\$364.88
C. Administrative Fee, Costs, Penalties	\$0.00
D. Credits previously applied (<i>Debtor payments, credits, and offsets</i>)	\$1,622.55
Total Owed	\$2,184.58

The Certificate of Indebtedness, attached as Exhibit "B", shows the total owed excluding attorney's fees and CIF charges. The principal balance and interest balance shown on the Certificate of Indebtedness is correct as the date of the Certificate of Indebtedness after application of all prior payments, credits and offsets. Prejudgment interest accrues at the rate of 10% per annum.

Failure to Pay

2. Demand has been made upon the defendant for payment of the indebtedness, and the defendant has neglected and refused to pay the same.

WHEREFORE, USA prays for judgment:

- A. For the sums set forth in paragraph 3 above, plus prejudgment interest through the date of judgment, all administrative costs allowed by law, and post-judgment interest pursuant to 28 U.S.C. § 1961 and that interest on the judgment be at the legal rate until paid in full;
- B. For attorney's fees to the extent allowed by law;
- C. Filing fee of \$350.00 as premittted by 28 U.S.C. § 2412(a)(2); and,
- D. For such other relief which the Court deems proper.

Respectfully submitted,

By: /s/ Craig S. Schoenherr, Sr.
CRAIG S. SCHOENHERR, SR. (P32245)
Attorney for Plaintiff
O'Reilly Rancilio PC
12900 Hall Rd Ste 350
Sterling Heights, MI 48313
Phone: (586) 726-1000
Fax: (586) 726-1560
cschoenherr@orlaw.com

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #1 OF 2

Raynaldo R. Reyna
Aka: Raynaldo Reyna
949 S. Winter St.
Adrian, MI 49221-3852
Account No. XXXXX9687

I certify that U.S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 04/27/11.

On or about 09/22/89, the borrower executed promissory note(s) to secure loan(s) of \$734.00 from First of America Bank, MI N.A. This loan was disbursed for \$734.00 on 11/08/89, at a variable rate of interest to be established annually by the Department of Education. The loan obligation was guaranteed by Michigan Higher Education Assistance Authority, and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited \$0.00 to the outstanding principal owed on the loan. The borrower defaulted on the obligation on 09/01/90, and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of \$883.46 to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the borrower. The guarantor was unable to collect the full amount due, and on 06/23/06, assigned its right and title to the loan to the Department.

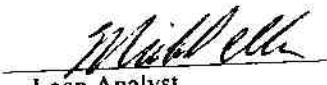
Since assignment of the loan, the Department has credited a total of \$489.83 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$490.95
Interest:	\$ 14.33
Total debt as of 04/27/11:	\$505.28

Interest accrues on the principal shown here at the current rate of 3.54 percent and a daily rate of \$0.05 through June 30, 2011, and thereafter at such rate as the Department establishes pursuant to section 427A of the Higher Education Act of 1965, as amended, 20 U.S.C. 1077a.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: 5/31/11


Loan Analyst
Litigation Support

Michael Illes
Loan Analyst

EXHIBIT

A

Poor Source Original
Document Retained

U. S. DEPARTMENT OF EDUCATION
SAN FRANCISCO, CALIFORNIA

CERTIFICATE OF INDEBTEDNESS #2 OF 2

Raynaldo R. Reyna
aka: Raynaldo Reyna
949 S. Winter St.
Adrian, MI 49221-3852
Account No. XXXXX9687

I certify that U.S. Department of Education records show that the borrower named above is indebted to the United States in the amount stated below plus additional interest from 04/27/11.

On or about 09/22/89, the borrower executed promissory note(s) to secure loan(s) of \$2,625.00 from First America Bank, MI N.A. This loan was disbursed for \$2,625.00 on 11/08/89 through 12/08/89, at 8% interest, rising to 10% after the fourth year of repayment. The loan obligation was guaranteed by Michigan Higher Education Assistance Authority, and then reinsured by the Department of Education under loan guaranty programs authorized under Title IV-B of the Higher Education Act of 1965, as amended, 20 U.S.C. 1071 et seq. (34 C.F.R. Part 682). The holder demanded payment according to the terms of the note, and credited \$0.00 to the outstanding principal owed on the loan. The borrower defaulted on the obligation on 03/01/91, and the holder filed a claim on the loan guarantee.

Due to this default, the guaranty agency paid a claim in the amount of \$2,800.48 to the holder. The guarantor was then reimbursed for that claim payment by the Department under its reinsurance agreement. Pursuant to 34 C.F.R. § 682.410(b)(4), once the guarantor pays on a default claim, the entire amount paid becomes due to the guarantor as principal. The guarantor attempted to collect this debt from the borrower. The guarantor was unable to collect the full amount due, and on 06/23/06, assigned its right and title to the loan to the Department.

Since assignment of the loan, the Department has credited a total of \$1,622.55 in payments from all sources, including Treasury Department offsets, if any, to the balance. After application of these payments, the borrower now owes the United States the following:

Principal:	\$1,819.70
Interest:	\$ 364.88
Total debt as of 04/27/11:	\$2,184.58

Interest accrues on the principal shown here at the rate of 10% per annum and a daily rate of \$0.50.

Pursuant to 28 U.S.C. § 1746(2), I certify under penalty of perjury that the foregoing is true and correct.

Executed on: 5/31/11

Michael Illes
Loan Analyst
Litigation Support

Michael Illes
Loan Analyst

EXHIBIT

B

A-4444 (6-88)
 Authority: 34 CFR 682.201c MAC
 390.1413 and 390.1415 Compliance
 Mandatory: No loan can be made
 unless the form is filled

MICHIGAN DEPARTMENT OF EDUCATION
 BOX 30047, LANSING, MICHIGAN 48909
APPLICATION AND PROMISSORY NOTE FOR A GUARANTEED STUDENT LOAN
 Under the Insurance Program of the Michigan Higher Education Assistance Authority

LOAN NUMBER
 OVERRIDE

WARNING: ANY PERSON WHO KNOWINGLY MAKES A FALSE STATEMENT OR MISREPRESENTATION ON THIS FORM IS SUBJECT TO PENALTIES WHICH MAY INCLUDE FINES OR IMPRISONMENT UNDER THE UNITED STATES CRIMINAL CODE AND 20 USC 1097

SECTION I - TO BE COMPLETED BY THE STUDENT - READ THE INSTRUCTIONS

1. First Name: RYAN NIALD O MI 3. Birth Date: [REDACTED]
 2. Last Name: KEYNAL City: ADRIAN State: MI Zip Code: 49221
 4. Permanent Home Address: 4711 1/2 S. MAIN ST. APT. 121 5. Area Code - Phone Number: (517) 265-1693
 6. U.S. Citizenship Status:
☒ (a) U.S. Citizen or National
☐ (b) Eligible Non Citizen
☐ (c) Neither of the above (see instructions)
 7. Total Number of Borrower's Dependents: 4
 List ages: 24, 16, 4, 16, 10, 2
 8. State of Permanent Residence: MI Since: 11/08
 9. Intended Enrollment (You must enroll at least half time to be eligible):
☐ Full time
☒ At least half time
☐ Less than half time
 10. Major Course of Study: 1101
 11. While in school you intend to live:
☐ With Parents
☐ On Campus
☒ Off Campus
 12. Prior to the school year for which the loan is intended, have you ever been enrolled in any school beyond high school level?
☐ Yes ☒ No
 13. Have you ever defaulted on an educational loan? ☐ Yes ☒ No
 If yes, give details on separate sheet of paper including what arrangements have been made, if any, to repay the debt.
 14. School Name and Division: St. Mary of the Plains College / American Truck Driving School
☐ Yes ☒ No
 15. Do you have any outstanding guaranteed student loans that are NOT guaranteed by the Michigan Higher Education Assistance Authority?
 (See instructions) If "Yes," list below (DO NOT INCLUDE PERKINS LOANS, NDSL, HPF, or HEAL) If "No," write "None."
 Name of Lender: NONE City and State of Lender: _____ From Mo / Yr: _____ To Mo / Yr: _____ Unpaid Balance: _____ Interest Rate: _____

16. Parent or Guardian (Circle One)
 Name: Jose Regalado Relative - Not Living With You
 Address: 1118 Dorothy St. Name: Daniel Regalado
 City, State, Zip: Adrian, MI 49221 Address: 2301 10th Street Hwy.
 Phone: (517) 265-1693 City, State, Zip: Adrian, MI 49221
 Phone: (517) 265-8145
 17. Driver's License Number: _____ If none, write "none."
 18. Requested: _____ To cover: _____
 19. What period do you want this loan to cover:
 From: Mo 08 Yr 89 To: Mo 06 Yr 90
 20. Lending Institution which provided this application:
 Name: First of America Bank, N.A.
 Address: 432 W. Coopers Parkway
Kalamazoo, MI 49001

Promissory Note for a Guaranteed Student Loan
 I Promise To Pay 1. the undesignated student borrower identified in Section I, Item 2, promise to pay to you as your lender when the loan becomes due as set forth in Paragraph 3, the sum of:
Unpaid loan amount - Must be the amount from 18
 at such time as you have advanced to me and identified to me in the form of loan guarantee and disbursement statement, plus interest as set forth in Paragraph 3, the sum of:
Interest on the loan - Must be the amount from 18
 I understand that this is a PROMISSORY NOTE. I WILL NOT SIGN THIS PROMISSORY NOTE BEFORE READING IT INCLUDING THE WRITING ON THE REVERSE SIDE, EVEN IF OTHERWISE ADVISED. I AM ENTITLED TO AN EXACT COPY OF THIS PROMISSORY NOTE. THE NOTICE OF LOAN GUARANTEE AND DISCLOSURE STATEMENT AND ANY AGREEMENT I SIGN BY SIGNING THIS PROMISSORY NOTE I ACKNOWLEDGE THAT I HAVE RECEIVED AN EXACT COPY HEREOF I HAVE READ AND UNDERSTAND THE BORROWER RIGHTS AND RESPONSIBILITIES THAT ARE INCLUDED IN THIS BOOKLET OF WHICH THE APPLICATION AND PROMISSORY NOTE ARE A PART.
Ramaldo Reyes 9-22-89
 22. Student Signature Date

NOTICE TO STUDENT: Terms of the Promissory Note continue on the reverse side.
SECTION II - TO BE COMPLETED BY SCHOOL (SEE SCHOOL INSTRUCTIONS) REVERSE SIDE OF COPY C
 23. Name of School: St. Mary of the Plains College, ADTS 24. Street No: SAN JOSE Dr. City: Dodge City State: KS Zip Code: 67801
 25. Phone: 1-800-1444-7672 26. School Code: 19919441 27. Grade Level:
☒ Undergraduate
☐ Graduate or Professional
 28. Expected Completion of Studies Date:
 MO YR: 08 90
 29. Loan Period:
 From: Mo 08 Yr 89 To: Mo 06 Yr 90
 30. Estimated cost of education for loan period: \$15,041.51 31. Financial aid for loan period: \$3,142.01 32. Expected Family Contribution: \$1,101.11
 33. Cost Minus Aid Minus EFC (Item 30 Less Items 31 and 32): \$10,798.39
 34. STATE USE ONLY
☐ Dependent
☒ Independent
 35. Dependency Status:
☐ Semester ☐ Trimester
☐ Quarter ☒ Clock Hour
☐ Other Explain: _____
 36. Type of Academic Enrollment Period:
☐ Semester ☐ Trimester
☐ Quarter ☒ Clock Hour
☐ Other Explain: _____
 37. First day of class of each academic enrollment period:
 1st: _____ 2nd: _____ 3rd: _____ 4th: _____
 38. My signature below certifies that I have read and agreed to the EDUCATION CERTIFICATION printed on the reverse side of COPY B and COPY C.
Judy Hattrem F.A.D. 9-26-89
 Authorized School Official Date Printed Name and Title

SECTION III - TO BE COMPLETED BY THE LENDING INSTITUTION
 40. Name of Lending Institution: _____ 41. City: _____ 42. Federal Code: 18051943
 43. Amount Recommended: \$10,798.39 44. Signature of Authorized Lending Official: [Signature] 45. Title: [Signature]
 46. Date: 10-2-89
 COPY A - LENDER

Additional Terms of the Promissory Note for a Guaranteed Student Loan

11. Date Note Comes Due I will repay this loan _____ in period _____ installments during a repayment period that will begin no later than the end of my grace period or 22 full months after I fail to enroll at least one time during the school year which certified my application for the academic progress requirement (if the loan will not be eligible for discharge upon completion of my program). My grace period is that period of time which begins when either I leave school without completing all requirements for the school's approved by NHCAA, at least one-half the normal full term occurs, or was held required by the school. The Return of Loan Guarantee and Disclosure Statement will identify the length of my grace period. During the grace period I shall have access to the loan as needed in short-term and the repayment period begins on _____.

If you request that the grace period in short-term and long-term loans be:

11. Interest (1) agree to pay an amount equivalent to a 6% interest (as defined in (4)(c)) on an outstanding (2) balance from the date of disbursement until the entire sum of sum and unpaid interest is repaid in full. (3) However, the U.S. Secretary of Education ("Secretary") will pay the interest first accrued on this loan prior to repayment status and during any deferment, if it is determined that I qualify to have such payments made on my behalf under the regulations governing the Guaranteed Student Loan Program ("GSLP"). In the event that the interest on this loan is payable by the Secretary, neither the borrower nor other holder of this Note may ever (a) collect this interest from me. I may, however, choose to pay this interest myself. (3) Once a repayment status begins I will be responsible for payment of all interest that accrues on this loan, except that if the interest accruing on this loan prior to the repayment period was payable by the Secretary, the Secretary will pay the interest that accrues during any period described under DEEMPT, Paragraph VIII in this Promissory Note. (4) The interest rate will be determined according to the following: (a) If I have an outstanding Guaranteed Student Loan(s) ("GSL") on the date I sign this Note, the applicable interest rate will be the same as the applicable interest rate on the outstanding GSL(s). (b) If I am borrowing for a period of enrollment which begins before July 1, 1980, and I have no outstanding GSL(s), the applicable interest rate on this loan will be 8%. (c) If I am borrowing for a period of enrollment which begins on or after July 1, 1980, and I have no outstanding GSL(s), I will have a courtesy loan balance on any Parent Loans for Undergraduate Students ("PLUS") Supplemental Loans for Students ("SLS") made for enrollment periods beginning before that date or on any Consolidation loan(s) which repaid loans made for enrollment periods beginning before that date, the applicable interest rate on this loan will be 8%. (d) If I am borrowing for a period of enrollment which begins on or after July 1, 1980, and I have an outstanding balance on any GSL, PLUS or SLS made for enrollment periods beginning before that date or on any Consolidation loan(s) which repaid loans made for enrollment periods beginning before that date, the applicable interest rate on this loan will be 8% until the end of the fourth year of my repayment status and will be 10% beginning with the fifth year of my repayment status. (5) The applicable interest rate (a) until the end of the fourth year of my repayment status, and (b) beginning with the fifth year of my repayment status, will be identical to the Federal Tax Disclosure. (6) I may also receive rebates of interest, if required by the Higher Education Act of 1965, as amended, when the applicable interest rate is 10%. (7) The lender or other holder of this Note may not accrue unpaid interest to the unpaid principal balance (capitalization) of this loan in accordance with regulations and policies of the Michigan Guarantee Agency.

IV. Origination and Guarantee Fees I will pay you an origination fee as authorized by Federal law and identified to me on the Notice of Loan Guarantee and Disclosure Statement. If my loan check is returned upon loan to you or has not been cashed within 120 days of disbursement, all of the loan money is returned to you within 120 days of disbursement, I will be entitled to a refund of my origination fee paid in respect to such a disbursement. I will pay you a guarantee fee, in an amount identified on the Notice of Loan Guarantee and Disclosure Statement which you will forward to NHEAA to pay for its guarantee of this Note. This guarantee fee is included in the amount of this loan from the disbursement date until the expiration of any grace period following the graduation date or completion date indicated by the School on Section II of my application for this loan. If my loan check is returned upon loan to you or has not been cashed within 120 days of disbursement, all of the loan money is returned to you within 120 days of disbursement, I will be entitled to a refund of my guarantee fee paid in respect to this disbursement. The origination fee paid the guarantee fee both be deducted from the proceeds of my loan.

Y. Default: I will be in default and you have the right to cure me unless the writer reasonably principal balance plus any unpaid interest I owe is due and payable at once (subject to any law which gives me a right to cure my default) if: 1) any payment has not reached you after it is due as specified on the Office of Loan Guarantees and Disbursement statement within the number of days as specified in Federal Guaranteed Student Loan Program regulations or 2) I fail to notify you of a change in my name, address or school enrollment status or 3) on my true and correct written statement applying for this loan or for a forbearance or deferment of this loan. After sending such notice to you, you will have the right, without further notice, to take the outstanding balance of my checking and/or savings account I have with you, if not prohibited by law. But not out of the proceeds of any other property of mine which you have a right to take because of any other agreement between you and me. If I default, I will still be required to pay interest on this loan as provided under the 10th Paragraph III from the date of default. A default also makes me ineligible for the benefits provided under Deferment, Paragraph VIII.

VI Late Charges If any payment has not reached you within ten (10) days after its due date, we may, if permitted by law, bill me a late charge at the maximum rate permitted. If a payment is late, I may be charged six cents for each dollar of each late installment.

VII. Additional Agreements 1) The proceeds of this Note will be used only for my education expenses at the school to be named in Section II of my Application; 2) I hereby request you to give me a promissory note for the amount of \$_____ payable to the order of _____, which note to me will be effective when mailed by first class mail to the above address you have given me; 3) My failure to enforce or insist that I comply with any term of this Note is not a waiver of my rights under this Note nor shall it constitute a modification of this Note; 4) If I am ever required to provide information to the HEAA regarding my application for financial aid, I agree that if the HEAA is required under its guarantee to repay my loan(s) because I have defaulted MYTAA, I will become the owner of this Note and as my evidence I will have all the terms of the original lender to whom I borrowed the money; 5) I understand that I must repay this Note even though I may have been discharged from my military service; 6) If I am unable to make the scheduled payments for reason of hardship, I may be eligible for forbearance as provided for in the MYTAA regulations and at the discretion of the lender on the repayment of my loan(s); 7) If I fail to pay or become delinquent and so incur default on the repayment of this Note will be paid in full by you or any other owner of this Note by MYTAA; 8) If I default on this Note by reason of delinquency and you incur any extra costs or expenses in connection with collecting on my debt, you will add all reasonable expenses and attorney fees to my loan debt; 9) In this Note the words I, we, and your means the borrower identified in item 2 of Section I of the Application (you, your, and yours mean the lender and any other owner of this Note

VIII. Deferral Payment of principal on my loan may be deferred only for the security period begins if I am in default and comply with applicable State and Federal regulations. (A) I am entitled to defer payments of principal on my loan after the repayment period begins. (1) While I am enrolled in (a) a graduate program of study, or study, or determined by that school, however, to obtain a deferment to attend a school or institution in the United States, I must be a citizen or national of the United States, or (b) a graduate fellowship program, as approved by the Secretary of Education, or (c) an rehabilitation training program for the blind and visually impaired by the Secretary of Education, or (d) as a full-time student at an institution of higher education or a vocational school, if it is operated by an agency of the United States Government. (2) The deferment period shall not exceed 36 months following while I am: a) on active duty in the Armed Forces of the United States, or b) on active duty in the Civilian

[illegible]

If I have no Government Student Loans (GSL) Supplemental
 Unemployment Benefits (SUBS) As I have no GSL or SUBS
 principal or interest on the date is not applicable and I
 receive solely from my salary and I will not after July 1, 1987
 enrollment period that began on or after July 1, 1987 year.
 Note if any repayment period has begun and I prove to you that
 while enrolled full-time during a period for which I am eligi-
 ble for supplemental loans I have (GSL) (7) I have not received
 the National Council on Education, Administration, Council
 elementary or secondary school in a teacher's education
 period not exceeding 12 months while actively engaged in
 full-time work and while at a rate not exceeding \$1.00
 per month. I will work a program or serving in an intern-
 ship as required by a curriculum board or a health care
 I understand that I will receive no interest on my salary
 in a State where I am employed and I agree that I
 will not be considered for a deferment of principal pay-
 ment should be criteria for a deferment may be the
 deferment of the then from that you or a subsequent

10X. Reemployment I will repay the total amount due on my SBA
loan with interest. Paragraph 11. On the date that
the loan period ends, the loan period is 11 years. 12. I will
13. 21. This money may not be used because of other 2.
and if I stop the period, you will send me a promissory note which
will be important to the Promissory Note. The Reemployment form
under SBA's continued Student Loan Program.

[illegible]

XI Grain Processing Center/Kansas This is a credit bureau. The credit bureau will be able to furnish you with the information you need. This is a credit bureau. The credit bureau will be able to furnish you with the information you need. This is a credit bureau. The credit bureau will be able to furnish you with the information you need.

Loan Marketing Association

By:

Authorized Agent

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NOTES ON CERTIFICATION

[illegible][illegible]

NOTICE TO STUDENT: BY YOUR SIGNATURE ON THE OTHER SIDE OF THIS APPLICATION AND PROMISSORY NOTE, YOU ARE AGREEING TO THE ABOVE TERMS AND CERTIFICATION.